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TO RUEHC/SECSTATE WASHDC 8899
INFO RUMTBK/AMEMBASSY BANGKOK 1241
RUMJPG/AMEMBASSY BEIJING 6723
RUEHBY/AMEMBASSY CANBERRA 2038
RUMJGM/AMEMBASSY COLOMBO 0798
RUMJDK/AMEMBASSY DHAKA 0820
ZEN/AMCONSUL GUANGZHOU POUCH
RUEHIL/AMEMBASSY ISLAMABAD 1778
RUEHJA/AMEMBASSY JAKARTA 6426
RUMJHT/AMEMBASSY KATHMANDU 1182
RUEHKL/AMEMBASSY KUALA LUMPUR 6234
RUEHML/AMEMBASSY MANILA 5269
RUEHMO/AMEMBASSY MOSCOW 2872
RUEHNE/AMEMBASSY NEW DELHI 3933
RUMJRV/AMEMBASSY RANGOON 3030
RUEHUL/AMEMBASSY SEOUL 6206
ZEN/AMCONSUL SHANGHAI POUCH
RUEHGP/AMEMBASSY SINGAPORE 9536
RUEHIN/AIT TAIPEI
RUEHKO/AMEMBASSY TOKYO 9601
RUMJFS/AMEMBASSY VIENTIANE 2909
RUFHNA/USMISSION USNATO 0409
BT

C O N F I D E N T I A L

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E.O. 12856: N/A
TAGS: ECON, CH, HK
SUBJ: PRC FOREIGN TRADE: ANOTHER SURPLUS IN 1983?

REF: A) BEIJING 11262

1. SUMMARY:

CHINA HAS RECENTLY RELEASED TWO SETS OF FIRST HALF 1983 TRADE STATISTICS, FROM THE STATE STATISTICAL BUREAU (SSB) AND FROM THE MINISTRY OF FOREIGN ECONOMIC RELATIONS AND TRADE (MFERT). THEY INDICATE IMPORTS STILL LAGGING BEHIND EXPORTS WITH A POTENTIAL 1983 TRADE SURPLUS, CONTRARY TO PLAN, OF THREE TO FOUR BILLION U.S. DOLLARS. END SUMMARY

SSB REPORT:

2. HONG KONG TA KONG PAO REPORTED ON AUGUST 10 THE PRC SSB'S AUGUST 9 ANNOUNCEMENT OF TRADE STATISTICS FOR THE FIRST HALF OF 1983. ACCORDING TO THE REPORT, RENMINBI (RMB) DENOMINATED EXPORTS (FOB) ROSE 2.1

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PERCENT AND IMPORTS (CIF) 7.3 PERCENT OVER THE CORRESPONDING PERIOD IN 1982. HOWEVER, BECAUSE OF THE RMB'S DECLINE VIS-A-VIS THE US DOLLAR, THE DOLLAR DENOMINATED VALUES DECLINED. (SSB STATISTICS CONVERTED TO US DOLLARS ARE GIVEN IN PARA 5).

MFERT REPORT:

3. THE MINISTRY FOR FOREIGN ECONOMIC RELATIONS AND TRADE (MFERT) PUBLISHED ITS OWN STATISTICS A WEEK EARLIER THAN SSB. THOSE STATISTICS, PUBLISHED IN US DOLLARS, ARE GIVEN IN PARAGRAPH SIX, AND INDICATE VALUE DECLINES OF 2 PERCENT IN EXPORTS AND 2.8 PERCENT IN IMPORTS (ATTRIBUTED BY MFERT TO SLUMPING PRICES AND KEENER COMPETITION ON WORLD MARKETS). MFERT'S STATISTICS HAVE ALWAYS BEEN LOWER THAN PRC CUSTOMS AND SSB STATISTICS. THE MOST OBVIOUS DIFFERENCE IS THAT MFERT DATA COVERS ONLY TRANSACTIONS OF CENTRAL MINISTRIES AND NATIONAL CORPORATIONS WHEREAS THE CUSTOMS FIGURES (USED BY THE SSB) ARE MUCH BROADER, INCLUDING DECENTRALIZED LOCAL IMPORTS AND EXPORTS. THE LATTER INCLUDE EXPORTS OF RAW MATERIALS, COMPONENTS AND PARTS WHICH WERE IMPORTED AND THEN PROCESSED AND ASSEMBLED IN CHINA.

4. ACCORDING TO MFERT, IMPORTS OF EQUIPMENT AND INSTRUMENTS FOR INDUSTRIAL RENOVATION SURGED 47.3 PERCENT IN THE FIRST HALF OF THIS YEAR OVER THE CORRESPONDING PERIOD IN 1982. SHARP INCREASES IN IMPORTS WERE ALSO RECORDED FOR CHEMICAL FERTILIZERS, GRAIN, SUGAR, ROLLED STEEL, NONFERROUS METALS, LUMBER, AND RUBBER. HOWEVER, IMPORTS OF TURNKEY PLANTS, RAW COTTON AND CHEMICAL FIBERS FELL FARTHER. EXPORTS OF CRUDE OIL, COAL, ROLLED STEEL AND CEMENT DECREASED WHILE THOSE OF AGRICULTURAL PRODUCE, SIDELINE AND NATIVE PRODUCTS INCREASED.

-5. CUSTOMS STATISTICS:

	TOTAL TRADE	PRC FOB EXPORTS	PRC CIF IMPORTS	BALANCE
	UNIT: BILLION USDOL (A)			
1983				
JAN/JUN (B)	19.4	10.0	9.4	0.60

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1982				
JAN/JUN (C)	19.9	10.4	9.50	0.90
WHOLE YEARS (D)	40.8	21.9	18.9	3.0 (E)

- (A) EXCHANGE RATES: 1982 - 1.84 RMB/1 USDOL
- (JAN/JUNE); 1.89 RMB/1 US DOLLAR (ANNUAL);
- 1983 - 1.98 RMB/1 USDOL (JAN-JUNE).
- (B) HONG KONG TA KUNG PAO, AUGUST 10, 1983.
- (C) CHINA NEWS SERVICE BEIJING, OCTOBER 11, 1982.
- (D) SSB STATISTICAL COMMUNIQUE APRIL 29, 1983.
- (E) ADJUSTED FOB VALUE WOULD BE 4.6 BILLION US DOLLARS.

6. MFERT STATISTICS:

	TOTAL TRADE	PRC FOB EXPORTS	PRC CIF IMPORTS	BALANCE
	(UNIT: U.S. DOLLARS BILLION)			

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JANUARY-JUNE

1983 (MFERT) (A)	17.58	10.00	7.58	2.42
1982 (MFERT) (B)	18.00	10.20	7.80	2.40

WHOLE YEAR (MFERT)

1983 PLAN (C)	45.90	22.00	23.90	-1.90
1982 PRELIMINARY OUTCOME (D)	38.60	21.60	17.00	4.60

PLANNED GROWTH

(PERCENT)	18.9	1.9	40.6	-
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- (A) HONG KONG TA KUNG PAO, AUGUST 5, 1983
- (B) PEOPLE'S DAILY, JULY 24, 1982
- (C) GIVEN BY MFERT MINISTER CHEN MUHUA IN HER
ARTICLE IN BEIJING REVIEW NO. 6,
FEBRUARY 7, 1983
- (D) ECONOMIC DAILY, MAY 11, 1983

COMMENT:

7. WE CAN TRY TO PROJECT CHINA'S TOTAL 1983 TRADE ON THE BASIS OF 1982 RATIOS. IN 1982 FIRST HALF EXPORTS ACCOUNTED FOR 46.3 PERCENT OF TOTAL 1982 EXPORTS, AND THE CORRESPONDING FIGURE FOR IMPORTS WAS 48.9 PERCENT. (IN 1981, A SOMEWHAT UNUSUAL YEAR BECAUSE OF THE SHARP CUTBACK IN HEAVY INDUSTRY, THE PERCENTAGES WERE 42.8 AND 54.4 RESPECTIVELY). IF THE RATIOS REMAIN SIMILAR TO 1982, CHINA WOULD END THE YEAR WITH A TRADE SURPLUS OF 1.5 - 2.5 BILLION USDOLS BY PRC ACCOUNTING METHODS. ADJUSTING FOR FOB VALUATION OF BOTH EXPORTS AND IMPORTS, THE TRADE SURPLUS WOULD BE 3 TO 4 BILLION USDOLS. (THIS WOULD BE SUBSTANTIALLY LESS THAN THE 6 BILLION PREDICTED IN REFTEL.)

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8. CHINA IS HAVING SOME DIFFICULTY MOVING ITS TRADE AWAY FROM THE SURPLUS ACHIEVED IN 1981 AND 1982. THE 6TH FIVE YEAR PLAN (FYP) ENVISAGES DEFICITS DURING THE LAST THREE YEARS OF THE PLAN, ENDING WITH A 5.1 BILLION RMB DEFICIT IN 1985. IN FEBRUARY OF THIS YEAR, MFERT MINISTER CHEN MUHUA PROJECTED A 1983 TRADE DEFICIT OF U.S. DOLLARS 1.9 BILLION (PRESUMABLY TO BE CALCULATED USING MFERT STATISTICS). CHEN ESTIMATED 1983 INCREASES OF 40.6 PERCENT FOR IMPORTS, 1.9 PERCENT FOR EXPORTS, AND 18.9 PERCENT FOR TOTAL TRADE. ACCORDING TO MFERT'S STATISTICS, HOWEVER, IN THE FIRST HALF OF THIS YEAR IMPORTS EQUALED ONLY 31.7 PERCENT OF THE ANNUAL GOAL WHILE EXPORTS REACHED 45.5 PERCENT OF THE GOAL. IMPORTS MAY PICK UP IN THE SECOND HALF WITH INCREASED GRAIN PURCHASES, BUT A TRADE DEFICIT SEEMS UNLIKELY FOR SOME TIME.

WILLIAMS

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